

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03 L-02 /028 R

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ARA/CEN:LKILDAY

FMC:WJSMITH

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P 011545Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA PRIORITY

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E.O. 11652: N/A

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TAGS: EWWT, GT, US

SUBJECT: SHIPPING: DELTA/FLOMERCA PROBLEM & ARMAGUA
WAIVER DIFFICULTIES

REF: GUATEMALA 2216

1. EMBASSY IS COMMENDED FOR ITS EFFORTS TO BRING ABOUT
RESOLUTION OF WAIVER DIFFICULTIES INVOLVING ARMAGUA.

2. WE UNDERSTAND DELTA TELEXED PLAGSA INDICATING COMPANY
MUST DECIDE ITSELF WHETHER TO REMOVE CARGO FROM WAREHOUSE
AND PAY PENALTY DUE TO ABSENCE OF WAIVER, OR LEAVE IT AND
BE RESPONSIBLE FOR STORAGE CHARGES PENDING HOPED-FOR
GRANTING OF WAIVER. DELTA ALSO GAVE NO ASSURANCE IT COULD
REIMBURSE PLAGSA FOR PENALTY CHARGES IF IT DECIDES TO
REMOVE CARGO SINCE PERMISSION TO DO SO WOULD REQUIRE FMC
APPROVAL BECAUSE SUCH ACTION COULD BE CONSIDERED A REFUND
REQUIRING EXCEPTIONAL PERMISSION UNDER (18)(B)(3) OF
SHIPPING ACT, 1916.

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3. EMBASSY CONJECTURE RE POSSIBLE REASONS BEHIND ARMAGUA'S ACTIONS DOVETAILS WITH DEPARTMENT THINKING ON MATTER. FURTHERMORE, WE CONCUR WITH EMBASSY ON THE INAPPROPRIATENESS OF EMBOFFS MEETING WITH ARMAGUA MANAGEMENT ON WAIVER ISSUE AND BELIEVE BEST COURSE OF ACTION IS CONTINUATION OF EFFORTS WITH GOG.

4. WENDT/LONGCOPE NYC TALKS WERE INCONCLUSIVE. ACCORDING TO HARRELSON, CARRIAGE FIGURES PROVIDED BY FLOMERCA WERE NOT COMPARABLE WITH DELTA'S AND PRECLUDED MEANINGFUL DISCUSSION. EFFORT IS NOW UNDERWAY TO SET UP MIAMI MEETING BETWEEN DELTA AND FLOMERCA OFFICIALS EITHER MAY 7 OR 14. HARRELSON SAID THAT SHOULD PROPOSED MIAMI MEETING RESULT IN STALEMATE, OR SHOULD FLOMERCA NOT AGREE TO ATTEND, DELTA COULD BE EXPECTED TO "CALL IT QUILTS AND EXPLORE OTHER AVAILABLE OPTIONS."

5. MOST LIKELY OPTION IS TO CALL ON FMC TO INVOKE SECTION 19 COUNTERVAILING MEASURES. MOREOVER, U.S. MARITIME LABOR IS BECOMING INCREASINGLY BELLICOSE IN CASES WHERE U.S. FLAG VESSELS BEING DISCRIMINATED AGAINST. THREATS INCLUDE BOYCOTTING FLAG VESSELS AND CARGOES OF DISCRIMINATING COUNTRIES. THIS FACT HAS NOT GONE UNNOTICED BY DELTA, AND HARRELSON INTIMATED INVOLVING U.S. LABOR IS AN OPTION HIS COMPANY CONSIDERING. WE DO NOT HAVE CLEAR IDEA OF RECEPTIVITY OF U.S. LABOR TO POSSIBLE DELTA REQUEST IN THIS CASE, HOWEVER.

6. DEPARTMENT INFORMALLY MENTIONED PROBLEM TO MINFIN LAMPORT AND AMBASSADOR ASENSIO DURING COURTESY CALL APRIL 30. NEITHER AWARE OF ARMAGUA'S POSITION, BUT SAID WOULD LOOK INTO MATTER. WE EXPRESSED CONCERN THAT SHOULD SITUATION NOT IMPROVE DELTA COULD BE EXPECTED TO SEEK REDRESS FROM FMC.

7. WITH THE FOREGOING CONSIDERATIONS IN MIND, EMBASSY REQUESTED TO REEMPHASIZE TO GOG AT A HIGH LEVEL THE SERIOUSNESS OF THE SITUATION AND POSSIBLE ADVERSE IMPLICATIONS FOR OUR TRADE RELATIONS SHOULD EFFORTS UNDERWAY PROVE UNFRUITFUL. KISSINGER
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Margaret P. Grafeld
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